5/12/87 A2500-2

Paper Paperboard & Wood Pulp

MONTHLY STATISTICAL SUMMARY - Vol. 65 - No. 4 APRIL 1987

PAPER AND PAPERBOARD DEMAND CONTINUES STRONG

Paper and paperboard production held close to its fourth quarter 1986 record rate during the first quarter of 1987. At 72.5 million tons per year, the seasonally-adjusted pace was 4.5% ahead of its years ago rate and equivalent to 95% of the total capacity. The available data indicate that the gain in exports was much greater than that of imports (see table on page 9), suggesting that new supply (production plus imports less exports) showed a somewhat smaller gain than production. However, new supply growth was still well above the 2.2% gain in economic activity as measured by the real gross national product, continuing the pattern evident during 1986.

Paper: Paper production ran at a near-record 35.75 million tons per year during the first quarter of 1987, 2.9% above its year-ago rate. The major gains were in the printing-writing grades and in specialty papers (see table on page 3). Production of total printing-writing papers moved above the 20 million tons per year rate, gaining 4.2% from its year-ago level.

Among the printing-writing grades, the uncoated groundwood and coated papers showed the strongest increases, rising 6.1% and 8.9%, respectively, from their year-ago levels. Gains in groundwood papers were concentrated in commercial printing, book publishing and in periodicals. Commercial printing was also the strongest market for coated papers. New orders for both these grades were relatively strong during this period. The backlog of unfilled orders for groundwood papers as of the end of the first quarter of 1987 was 25% above its year-ago level, while the backlog for coated papers was up by about 1%.

Shipments of uncoated free sheet paper ran at 10.6 million tons per year during the first quarter, 2% above its year-ago rate and a shade above the rate for all of 1986. Book publishing and office reprographics were the strongest markets for these grades, while shipments to business forms converters held close to their year-ago levels.

Paperboard: Although the seasonally-adjusted rate of paperboard production eased somewhat from the unusually high level of the fourth quarter, the average rate held to a strong 36.7 million tons a year during the first quarter of 1987, epresenting a 97% operating rate. Moreover, production continued strong in April, with paperboard mills operating near 96% of capacity. Tonnage production of paperboard during the first

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three months of 1987 exceeded its year-ago level by 6.2%. The strength in paperboard production spanned most of the major end-use markets and pulp furnishes.

In terms of end-use markets, the largest gains were recorded by containerboard production for domestic use. Output of containerboard for domestic markets soared 7.6% from 1985 to 1986 and exceeded its year-ago level by 7.3% during the first quarter of 1987. The impetus for those strong gains was provided by healthy box demand. Annualized box shipments attained a record-high 290.7 billion square feet during this year's first quarter, 5.3% above their year-ago level and 0.9% higher than their fourth-quarter 1986 pace. Box shipments grew significantly faster than overall industrial activity during the last year or so, partly because of strong gains in several important end-use markets (e.g., fresh fruits and vegetables) and increased domestic production of boxable goods resulting from the decline of the dollar.

Production of total boxboard for domestic use was up 3.3% through March, with folding boxboard output up 7%. The gain in folding boxboard encompassed a 5.3% increase in solid bleached folding boxboard and an 8.3% increase in recycled folding boxboard. Among the other packaging-related boxboard categories, output of milk carton and food service board exceeded its year-ago level by 0.6% during the first quarter. Gypsum wallboard facings, a product paced by residential construction activity, was ahead by 3.5% during the first quarter of 1987.

In addition to the above-noted strength in domestic markets, exports also played an important role in bolstering paperboard demand. Total production of paperboard for export was up 6.6% during this year's first quarter. Production of recycled paperboard for export quadrupled its year-ago level during the first quarter of 1987, although the tonnages were still relatively small. Linerboard production for export trailed its year-ago level by 2.7% during the first three months of 1987, but still held close to the rate for all of 1986 (see page 3).

Consistent with the strength exhibited by the domestic market categories and exports, the major paperboard furnishes all turned in healthy performances during early 1987. Semi-chemical production was up 8.8% during the first quarter, followed by unbleached linerboard (up 5.8%) and solid bleached paperboard (up 4.2%). Recycled paperboard exceeded its year-ago level by 6.6% during the first quarter.

IMPORTS AND EXPORTS

The Department of Commerce reported that imports of paper, paperboard and products ran at 12.5 million tons per year during the first two months of 1987, 7.4% over their year-ago level. This compares to a gain of 3.6% from 1985 to 1986, despite the decline of the dollar. However, much of the gain reflects imports from Canada, whose dollar has not appreciated relative to

Continued on Page 11

PAPER AND PAPERBOARD STATISTICS

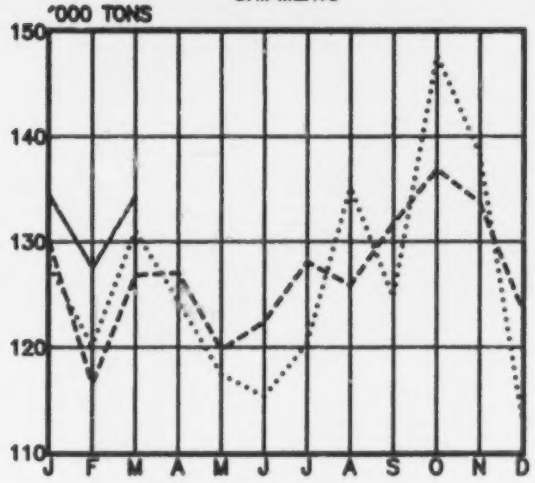
PRODUCTION, SHIPMENTS AND ORDERS
(Thousands of Short Tons)

	YEAR 1985	YEAR 1986	DEC 1986	JAN 1987 (R)	FEB 1987 (P)	MAR 1987 (P)	Annual Rate Y-T-D 1987	% Change From same Period Last Year
PAPER								
Newsprint - Production	5,428	5,630	472	490	441	475	5,624	1.4
- Shipments	5,417	5,638	484	471	443	487	5,605	4.6
Printing & Writing sum	18,471	19,671	1,653	1,702	1,618	1,730	20,202	4.2
Groundwood Paper - Shipments	1,516	1,523	124	134	128	134	1,586	6.1
- New Orders	1,477	1,548	122	140	110	151	1,601	7.9
-Unfilled Orders	106	131	131	127	119	127	127	24.8
Coated Papers - Shipments	5,875	6,260	540	568	526	553	6,586	8.9
- New Orders	5,642	6,275	515	557	533	534	6,497	4.0
- Unfilled Orders	393	399	399	466	487	435	435	1.4
Unctd Free Sheet - Shipments	9,750	10,504	881	885	851	923	10,638	2.0
- New Orders	9,704	10,528	856	860	838	883	10,325	-1.2
- Unfilled Orders	509	534	534	568	564	523	523	-0.9
Thin Papers - Shipments	263	247	18	21	22	21	255	-0.3
Cotton Fiber Paper - Shipments	144	151	12	13	13	14	159	4.6
Bleached Bristols Production	924	993	78	81	79	85	979	-1.7
Tissue Paper - Production	4,941	5,095	421	439	414	435	5,153	1.4
Total Packaging & Other Paper	5,202	5,137	424	446	408	444	5,191	0.7
Unbl. Kraft Paper - Shipments	3,403	3,304	271	280	260	274	3,254	-3.1
Other Paper - Production	1,799	1,796	149	166	148	170	1,937	10.7
TOTAL PAPER-Production-Unadj.	34,042	35,532	2,970	3,078	2,882	3,083	36,170	2.9
-Production-S.A.			3,096	3,0_7	3,001	2,921	35,753	2.9
PAPERBOARD - PRODUCTION								
Solid Wood Pulp Furnish	25,404	27,359	2,334	2,409	2,206	2,441	28,221	6.1
Total Unbl. Kraft Paperboard	16,368	17,694	1,531	1,546	1,424	1,559	18,118	5.8
Unbl. Kraft Linerboard (1)	15,183	16,390	1,434	1,436	1,310	1,442	16,753	5.8
Production for Export	1,830	2,079	184	172	165	173	2,041	-2.7
Other Unbl. Kraft Paperboard	1,184	1,304	97	110	114	117	1,365	5.3
Semichemical Paperboard	5,088	5,373	438	481	439	491	5,645	8.8
Production for Export	189	212	19	16	19	13	193	5.0
Solid Bleached Paperboard	3,948	4,293	365	382	343	390	4,458	4.2
Production for Export	466	513	44	48	46	59	609	31.5
Recycled Paperboard	7,630	8,143	625	735	689	754	8,710	6.6
Production for Export	26	25	1	2	12	13	112	308.0
TOTAL PAPERBOARD-Prod.-Unadj.	33,034	35,503	2,959	3,143	2,887	3,194	36,897	6.1
- Containerboard Prod.(Dom. Use)	20,042	21,558	1,838	1,906	1,731	1,936	22,293	7.3
- Boxboard Prod.(Dom. Use) (2)	5,673	5,938	478	552	482	534	6,271	3.3
- All Other P'bd Prod.(D.U.) (2)	4,808	5,180	395	448	439	466	5,412	5.2
- Total Paperbd Prod. for Export	2,511	2,827	248	237	242	259	2,955	6.6
TOTAL PAPERBOARD PROD.- S.A.			3,340	3,121	3,076	2,985	36,728	6.2
TOTAL PAPER AND PAPERBOARD								
Production - actual	67,076	71,035	5,929	6,221	5,768	6,278	73,067	4.5
Production - S.A.			6,437	6,138	6,077	5,905	72,481	4.5

(1)Includes all exports of kraft paperboard. R - Revised P - Preliminary S.A. - Seasonally Adjusted
(2)Data for unbl. kraft folding boxboard incl. in All Other P'bd.

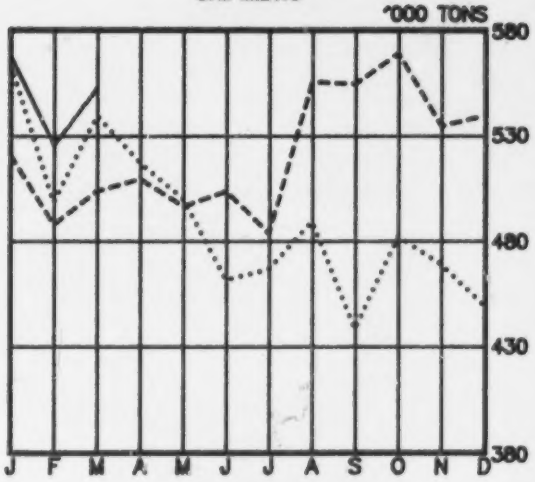
GROUNDWOOD PAPER, UNCOATED

SHIPMENTS



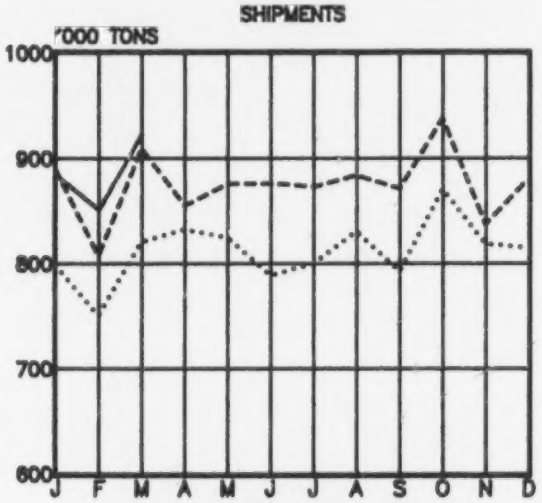
COATED PAPER

SHIPMENTS



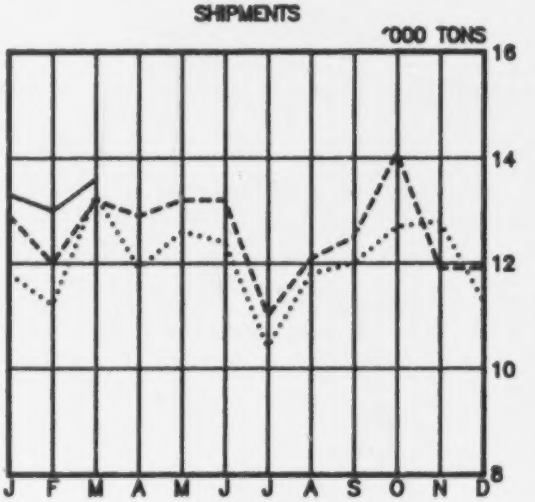
UNCOATED FREE SHEET PAPERS

SHIPMENTS



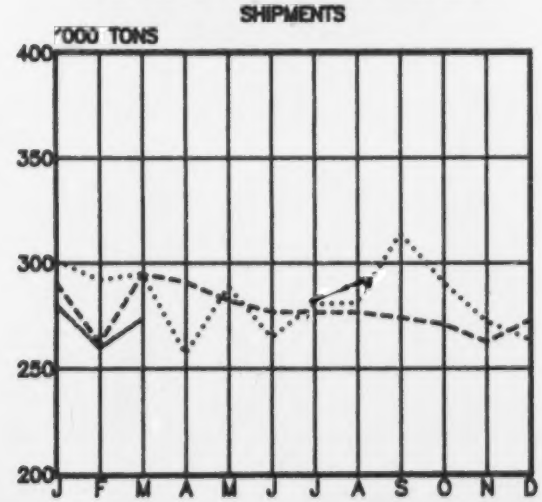
COTTON FIBER PAPER

SHIPMENTS



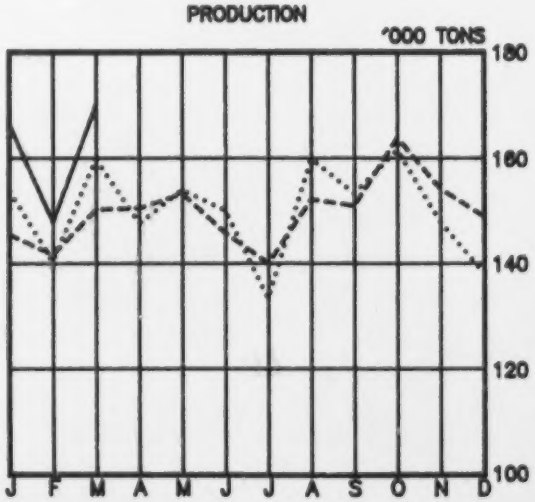
UNBLEACHED KRAFT PACKAGING AND INDUSTRIAL CONVERTING PAPER

SHIPMENTS



OTHER PAPER

PRODUCTION



1985 ····· 1986 - - - - - 1987 ———

WOOD PULP STATISTICS
(Thousands of Tons)

	YEAR 1986	YEAR 1987	NOVEMBER 1986	DECEMBER 1986	JANUARY 1987	FEBRUARY 1987	Annual Rate Y-T-D 1987	% Change from same Period Last Year
TOTAL WOOD PULP					R	P		
Total Wood Pulp Production	52,429	57,268	4,757	4,926	5,082	4,622	58,224	5.0
- Imports	4,466	4,582	467	295	443	392	5,005	16.3
Exports	3,791	4,458	312	409	306	372	4,068	-4.4
- New Supply	53,104	57,392	4,912	4,812	5,218	4,642	59,160	6.6
Dissolving Pulp - Production	1,174	1,258	95	122	108	98	1,240	2.6
- Imports	175	255	19	18	12	19	183	-29.9
Exports	631	711	53	66	54	65	712	14.9
- New Supply	718	801	60	74	66	52	711	-16.3
Paper Grades - Production	41,978	46,333	3,854	3,997	4,113	3,755	47,210	5.0
Chemical Pulp - Imports	4,104	4,220	443	271	424	363	4,722	18.4
- Exports	3,131	3,689	252	340	252	306	3,346	-6.8
- New Supply	42,950	46,864	4,046	3,928	4,286	3,812	48,585	7.1
Groundwood and - Production	5,251	5,545	464	470	497	443	5,640	5.3
Thermo Mech. - Imports	187	108	5	7	7	10	100	85.8
- Exports	29	59	7	2	1	1	10	-78.5
- New Supply	5,409	5,594	461	474	503	452	5,729	6.9
Semi-Chemical - Production	4,027	4,133	345	338	364	326	4,135	4.9
- Imports								
Exports								
- New Supply	4,027	4,133	345	338	364	326	4,135	4.9
MARKET WOOD PULP								
Total Market - Production	6,800	7,585	593	647	668	595	7,574	4.1
Wood Pulp - Imports	2,791	3,048	261	245	220	224	2,664	-4.9
- Exports	3,784	4,470	328	295	296	359	3,929	-13.1
- New Supply	5,807	6,162	526	597	592	460	6,309	13.6
Dissolving Pulp Production	1,172	1,251	98	95	107	98	1,229	2.4
- Imports	174	212	16	13	7	17	143	-29.7
- Exports	667	718	52	49	42	65	640	-3.4
- New Supply	679	745	62	58	65	40	631	-14.7
Paper Grades - Production	5,613	6,322	494	552	560	495	6,331	4.3
Chemical Pulp - Imports	2,531	2,754	241	229	209	205	1,229	-52.0
- Exports	3,117	3,752	276	246	254	294	3,289	-14.8
- New Supply	5,028	5,324	459	535	511	201	4,271	-10.5
Groundwood Pulp - Production	15	11	1	1	1	1	7	-7.7
and All Other - Imports	86	83	4	2	3	3	36	-0.4
- Exports	1	0	0	0	0	0	0	0.0
- New Supply	100	94	5	4	4	3	43	-1.7

SOURCES: Total Wood Pulp Production & Market Wood Pulp Production, Imports & Exports - Pulp Division, Pulp, Materials and Technology Group, API. Total Wood Pulp Imports & Exports - Department of Commerce.

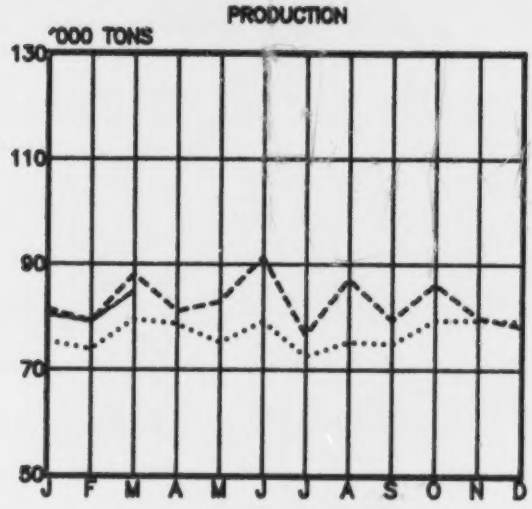
FIBROUS RAW MATERIALS
(Thousands of tons)

CONSUMPTION AT PAPER & PAPERBOARD MILLS					R	P		
Total	68,899	72,416	6,128	6,016	6,414	5,896	73,864	5.1
Total Wood Pulp	53,276	55,746	4,720	4,667	4,982	4,517	56,995	5.8
Waste Paper	15,623	16,670	1,408	1,349	1,432	1,380	16,869	2.7
INVENTORIES								
Chemical Paper Grade Market Pulp								
Producers' Own Use Inventories	165	174	175	174	183	200	200	27.6
Producers' Market Inventories	485	284	353	284	352	338	338	-19.8
Consumers' Purchased Inventories	492	569	553	569	530	561	561	4.9
Waste Paper at Paper & Bd. Mills	969	933	878	933	781	769	769	-15.1
Days of Supply at Pulp Mills of Chemical Paper Grade Mkt Pulp	30	16	21	16	20	19	19	-24.0

SOURCES: Wood Pulp Data, Pulp Division, Pulp, Materials and Technology Group, API. Waste Paper Data, Paper Recycling Committee, API.
P - Preliminary, R - Revised, (0) - Indicates zero to five-hundred short tons

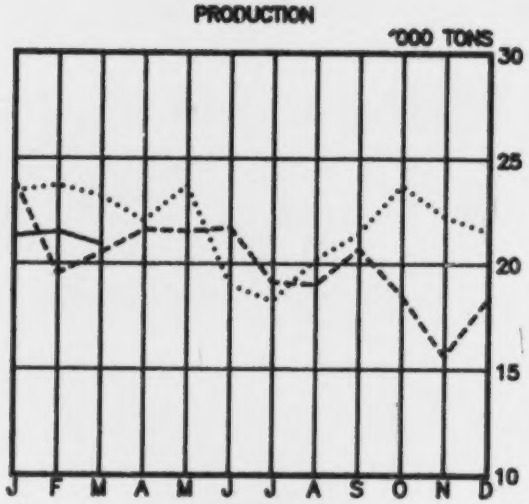
BLEACHED BRISTOLS

PRODUCTION



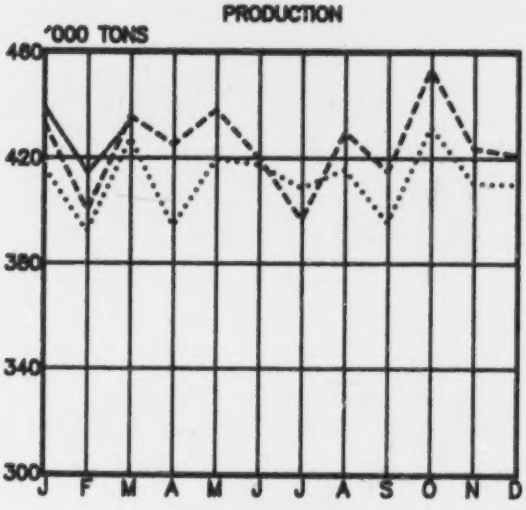
THIN PAPER

PRODUCTION



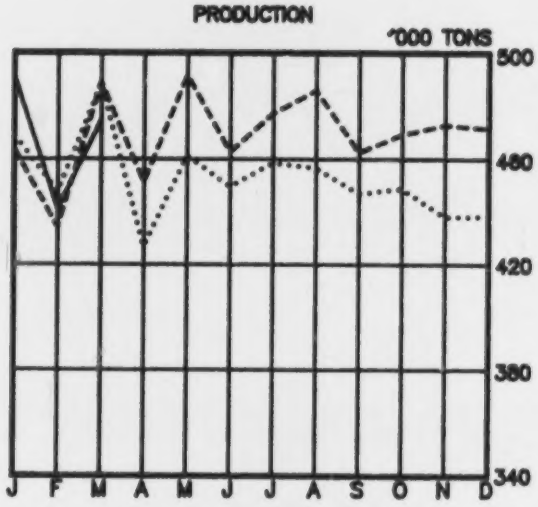
TISSUE PAPER

PRODUCTION



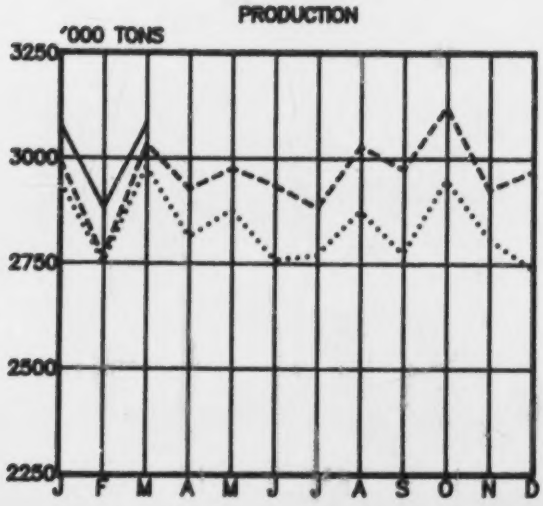
NEWSPRINT

PRODUCTION



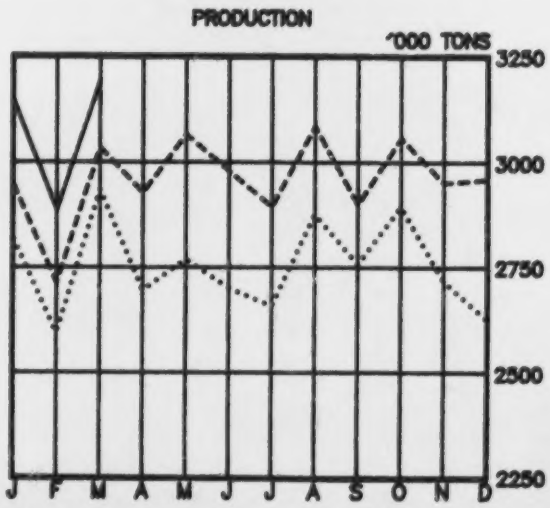
TOTAL PAPER

PRODUCTION



TOTAL PAPERBOARD

PRODUCTION



1985 ····· 1986 - - - - -1987 ———

F I B R O U S R A W M A T E R I A L S
(Thousands of Standard (128 cubic foot) Cords)

		YEAR 1986	YEAR 1987	NOVEMBER 1986	DECEMBER 1986	JANUARY 1987	FEBRUARY 1987	Annual Rate Y-T-D 1987	% Change from same Period Last Year
PULPWOOD									
Total U.S.	- Total Receipts	85,499	90,943	7,224	7,639	8,074	7,694	94,608	1.3
	- Total Consumpt	85,744	91,434	7,681	7,795	8,049	7,541	93,540	3.0
	- Residues *	30,464	32,755	2,478	2,562	2,734	2,656	32,340	-2.2
	- Inventories	5,046	4,794	4,909	4,794	4,712	4,900	4,900	-15.6
So. Atlantic	- Total Receipts	27,589	29,513	2,349	2,516	2,518	2,439	29,742	-2.0
	- Total Consumpt	27,815	29,425	2,419	2,537	2,577	2,468	30,270	3.1
	- Residues *	7,970	9,343	763	760	785	732	9,102	-5.8
	- Inventories	1,117	994	1,060	994	868	856	856	-29.3
Northeast	- Total Receipts	7,430	7,277	592	636	686	664	8,100	2.2
	- Total Consumpt	7,394	7,227	586	599	666	613	7,674	0.9
	- Residues *	1,539	1,419	112	106	107	180	1,722	29.9
	- Inventories	544	484	447	484	495	542	542	-3.2
South Central	- Total Receipts	29,786	31,790	2,572	2,685	2,851	2,630	32,886	-0.1
	- Total Consumpt	29,914	32,113	2,785	2,806	2,801	2,622	32,538	1.7
	- Residues *	9,207	9,792	788	834	891	801	10,152	4.2
	- Inventories	1,198	926	1,051	926	919	910	910	-35.8
North Central	- Total Receipts	6,430	6,571	515	595	681	640	7,926	6.9
	- Total Consumpt	6,296	6,730	576	559	587	538	6,750	3.4
	- Residues *	1,290	1,042	75	87	87	77	984	-14.1
	- Inventories	884	892	820	892	1,021	1,149	1,149	8.3
West	- Total Receipts	14,264	15,792	1,196	1,207	1,338	1,321	15,954	7.7
	- Total Consumpt	14,325	15,939	1,315	1,294	1,418	1,300	16,308	6.2
	- Residues *	10,458	11,159	740	775	864	866	10,380	-7.2
	- Inventories	1,303	1,498	1,531	1,498	1,409	1,443	1,443	-7.4

* - Consumption of Residues in Cord Equivalents. SOURCE: American Pulpwood Association 30-Apr-87

U N I T E D S T A T E S T R A D E W I T H C A N A D A

IMPORTS FROM CANADA

	YEAR Tons	1986 $000's	JANUARY Tons	1986 $000's	FEBRUARY Tons	1987 $000's	Annual Rate Y-T-D 1987	% Change from same Period Last Year
Pulpwood, Roundwood (in cords of 128 cubic feet)	59,490	4,224	222	20	49	4	1,626	-93.1
Pulpwood chips	723,257	19,488	8,082	269	3,556	836	69,828	-91.0
Wood Pulp, Total	3,949,414	1,422,180	424,417	165,309	361,903	147,410	4,717,920	46.9
Waste Fibrous Materials, Total	157,870	27,196	15,853	3,232	12,251	2,158	168,625	1.8
Paper, Board & Products, Total	9,963,486	4,467,761	937,226	441,665	824,653	384,678	10,571,270	8.5
Paper, Paperboard,Wet Machine Bd. & Constr. Paper & Bd.	9,842,154	4,268,820	924,186	419,356	812,870	365,839	10,422,335	8.2
Paper, Paperboard & Products	9,715,710	4,393,592	917,774	436,095	806,141	379,161	10,343,487	8.7
Paper & Paperboard, Only	9,594,378	4,194,651	904,734	413,786	794,358	360,321	10,194,551	8.3
Paper, Total	9,367,380	4,130,464	881,728	406,957	774,422	354,400	9,936,898	7.7
Newsprint	8,269,333	3,556,983	776,092	351,692	672,891	300,664	8,693,898	6.2
Printing, Writing & Rel. Pap.	868,628	457,685	80,932	43,382	79,402	42,572	962,003	16.4
Pack. & Ind. Conv. Paper	182,481	81,492	21,748	9,568	18,546	8,376	241,765	40.7
Special Industrial Paper	4,766	7,893	532	795	607	1,033	6,834	45.4
Tissue Paper	42,173	26,411	2,424	1,521	2,975	1,756	32,398	-3.0
Paperboard, Total	226,998	64,187	23,006	6,829	19,936	5,920	257,654	40.0
Convtd Paper&Paperbd Products	121,332	198,941	13,040	22,309	11,783	18,840	148,936	36.7
Wet Machine Board	2,332	1,570	181	132	271	195	2,714	14.0
Construction Paper & Board	245,444	72,599	19,271	5,438	18,241	5,323	225,070	2.8

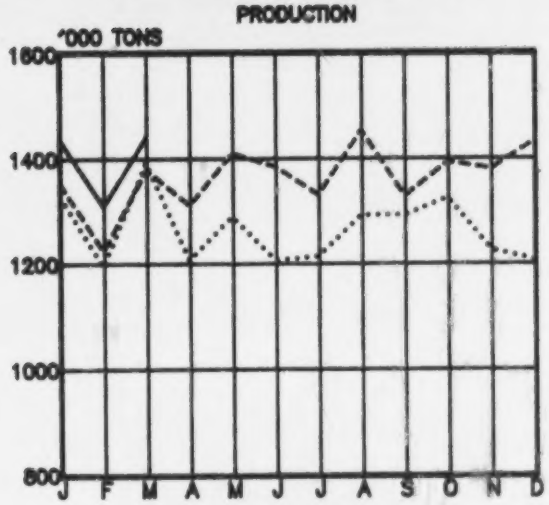
EXPORTS TO CANADA

Pulpwood, Roundwood (in cords of 128 cubic feet)	39,191	2,201	0	0	0	65	0	-100.0
Pulpwood chips	262,844	13,577	2,789	158	13,477	800	97,596	576.9
Wood Pulp, Total	262,353	76,591	12,952	4,539	15,850	6,079	172,812	-43.9
Cotton Pulp & Other Pulp	33,629	10,458	2,777	1,167	3,211	912	35,928	35.5
Waste Paper	226,215	23,254	19,866	1,765	16,283	1,665	216,894	20.9
Paper, Board & Products, Total	846,141	464,795	71,553	42,211	67,829	45,352	836,292	-11.6
Paper, Paperboard,Wet Machine Bd. & Constr. Paper & Bd.	691,355	315,820	55,795	27,851	52,358	30,747	648,917	-16.2
Paper, Paperboard & Products	816,282	452,239	68,941	40,883	65,373	44,168	805,882	-12.2
Paper & Paperboard, Only	661,496	303,265	53,183	26,523	49,902	29,564	618,506	-17.1
Paper, Total	278,911	200,168	39,742	18,224	23,570	19,378	319,873	2.4
Newsprint	6,040	4,457	586	337	288	207	5,238	89.3
Printing, Writing & Rel. Pap.	121,167	99,480	12,296	9,257	12,150	9,248	146,679	18.4
Pack. & Ind. Conv. Paper	25,614	16,467	2,262	1,312	2,468	1,428	28,378	-12.1
Special Industrial Paper	122,874	75,189	14,381	6,937	8,408	8,035	136,735	-9.5
Tissue Paper	3,217	4,577	218	381	256	461	2,842	12.8
Paperboard, Total	382,584	103,096	23,441	8,300	26,332	10,186	298,634	-31.2
Convtd Paper&Paperbd Products	154,786	148,975	15,758	14,360	15,471	14,604	187,375	9.1
Wet Machine Board	10,728	4,638	1,241	552	723	414	11,780	111.3
Construction Paper & Board	19,132	7,918	1,372	776	1,733	769	18,630	-18.0

SOURCE: Bureau of Census, Department of Commerce . E - Estimate of tonnage based on square foot data 30-Apr-87

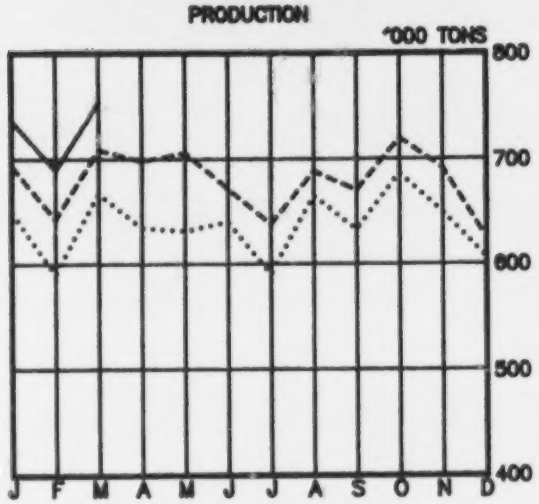
UNBLEACHED KRAFT LINERBOARD

PRODUCTION



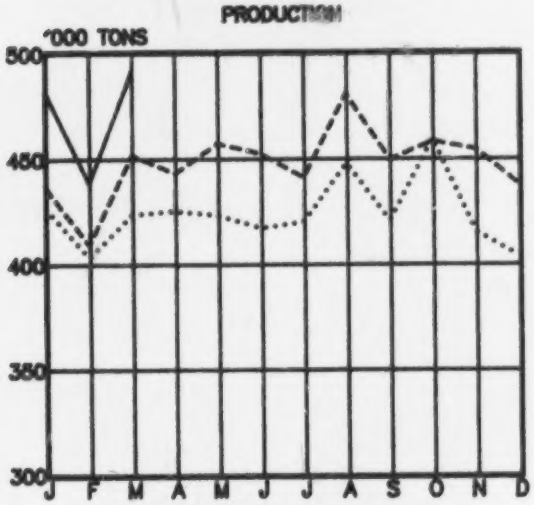
RECYCLED PAPERBOARD

PRODUCTION



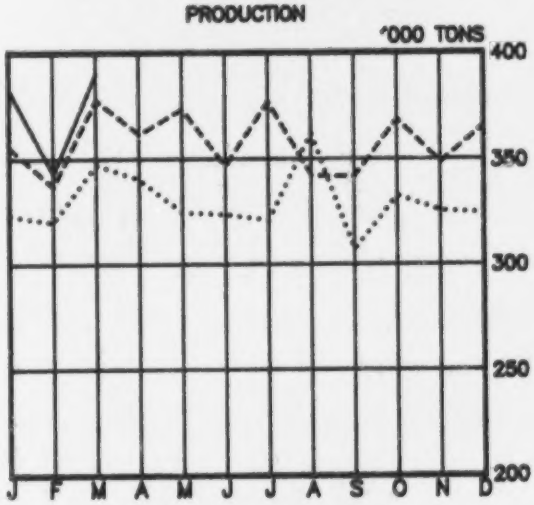
SEMICHEMICAL PAPERBOARD

PRODUCTION



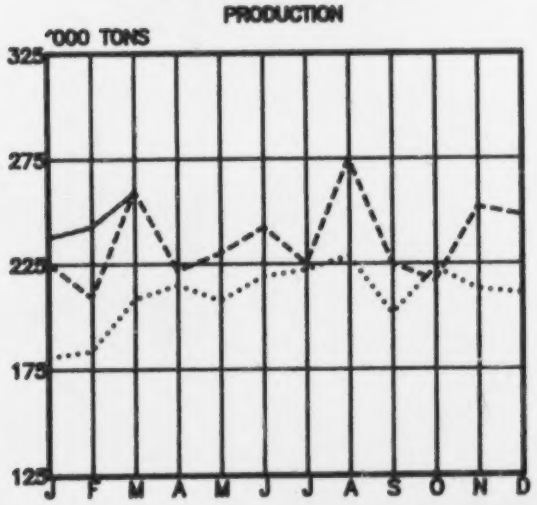
SOLID BLEACHED PAPERBOARD

PRODUCTION



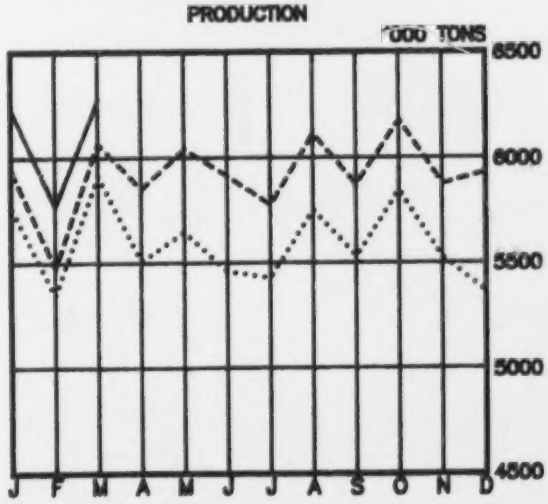
PAPERBOARD FOR EXPORT

PRODUCTION



TOTAL PAPER AND PAPERBOARD

PRODUCTION



1985 ····· 1986 -----1987 ———

I M P O R T S

	YEAR 1986 Tons	YEAR 1986 $000	1987 JANUARY Tons	1987 JANUARY $000	1987 FEBRUARY Tons	1987 FEBRUARY $000	(1) Annual Rate YTD 1987 Tons	% Change from same Period Last Year
Pulpwood Roundwood (cords)	60,850	4,563	248	25	49	4	1,782	-92.4
Pulpwood Chips	724,828	19,642	8,139	278	33,618	842	250,542	-67.7
Total All Imports	16,722,494	7,674,736	1,556,541	745,685	1,399,368	687,593	17,735,458	9.7
Wood Pulp Total	4,581,760	1,601,378	442,353	172,220	391,567	159,954	5,004,720	16.3
Waste Paper	99,313	11,182	8,385	1,115	8,013	1,080	98,388	22.0
Other Fibrous Materials	104,969	26,326	8,933	2,783	5,224	1,766	84,939	-19.0
Paper Board & Products Total	11,936,452	6,035,850	1,096,671	569,566	994,564	524,793	12,547,411	7.4
Paper Paperboard Wet Machine Bd. & Construction Paper & Board	11,546,545	5,147,129	1,062,369	499,957	960,394	452,220	12,136,572	6.8
Paper Ppbd & Prds ex Cnst&WMB	11,596,808	5,928,457	1,070,546	561,941	969,788	516,809	12,242,005	7.4
Paper & Paperboard Only	11,206,901	5,139,735	1,036,244	492,332	935,618	444,236	11,831,167	6.8
Paper Total	10,925,453	5,051,917	996,356	478,905	903,518	433,745	11,399,246	4.9
Newsprint	8,587,507	3,682,351	792,191	358,641	696,106	310,385	8,929,782	4.1
Printing & Writing	2,029,302	1,179,802	170,569	100,573	174,626	104,491	2,071,167	5.3
Uncoated Groundwood	1,028,231	531,149	78,486	40,348	95,555	49,790	1,044,248	8.1
Coated Print.& Impreg. Pap.	501,382	359,495	48,001	33,673	47,883	34,415	575,304	23.9
Uncoated Free Sheet	453,638	254,627	37,962	22,123	27,678	16,928	393,637	-19.8
Uncoated Book	223,798	126,278	14,698	8,481	13,601	7,641	169,791	-28.9
Writing and Similar Paper	229,841	128,349	23,264	13,642	14,077	9,288	224,046	-11.2
Thin (except Cigarette)	45,351	33,831	6,034	4,329	3,432	3,279	56,800	27.3
Bristols	700	700	86	100	77	79	978	168.1
Total Pkg & Other Paper	242,571	146,212	28,681	16,124	27,971	15,567	339,911	37.8
Unbleached Kraft Paper	115,008	42,650	15,741	6,211	13,441	5,501	175,095	93.5
Other Pkg. & Indust. Paper	127,562	103,562	12,940	9,914	14,530	10,067	164,816	5.5
Tissue	66,073	43,552	4,916	3,567	4,816	3,302	58,386	-23.0
Paperboard, Total	281,448	87,818	39,888	13,427	32,099	10,490	431,921	103.9
Test or Containerboard	78,063	25,596	8,414	2,731	7,037	2,372	92,708	47.2
Semi-Chemical Corrugating	99,062	22,092	11,060	2,742	10,507	2,728	129,397	83.0
Other Paperboard	104,324	40,130	20,414	7,955	14,555	5,391	209,816	168.7
Convtd Paper&Paperbd Products	389,907	788,721	34,302	69,609	34,171	72,573	410,839	30.6
Paper Products, Total	361,517	730,257	31,349	63,349	31,371	67,272	376,318	29.6
Paperboard Products, Total	28,390	58,464	2,953	6,260	2,800	5,301	34,520	42.5
Wet machine Board	3,235	2,525	208	170	311	246	3,110	11.7
Construction Paper & Board	336,409	104,868	25,917	7,455	24,466	7,738	302,296	7.0
Notes								
Other: No Weight Avail. ($000)		212,338		15,425		15,822	187,478	-1.3
Total Imports Incl. Other($000)		7,887,074		761,110		703,415	8,787,147	18.3

E X P O R T S

							(1)	
Pulpwood, Roundwood (cords)	42,190	2,373	0	0	2,000	106	12,000	-38.4
Pulpwood Chips	2,428,333	170,022	121,122	9,523	212,688	14,986	2,002,860	1.4
Total All Exports	13,196,245	4,694,705	1,063,763	411,640	1,120,592	447,153	13,106,131	6.5
Wood Pulp,Total	4,458,312	1,662,466	306,323	131,780	371,753	164,890	4,068,456	-4.4
Cotton Pulp and Other Pulp	157,452	72,500	13,329	6,611	11,078	6,288	146,442	-28.2
Waste and Old Paper	3,748,711	411,076	323,479	38,107	315,135	38,187	3,831,684	10.0
Paper, Board & Products,Total	4,831,770	2 548,663	420,632	235,142	422,626	237,788	5,059,549	15.9
Paper,Paperboard,Wet Machine Bd. & Construction Paper & Board	4,305,273	1,862,874	366,295	173,299	368,522	173,463	4,408,903	14.5
Paper, Ppbd & Prod ex'Cnst&WMB	4,737,728	2,496,766	409,811	229,110	415,118	233,895	4,949,572	16.1
Paper & Paperboard, Only	4,211,231	1,810,976	355,474	167,268	361,014	169,570	4,298,926	14.7
Paper, Total	883,662	642,597	74,315	53,799	67,183	56,227	848,986	4.1
Newsprint	392,228	194,549	28,898	15,837	27,944	15,945	341,048	12.7
Printing & Writing	190,656	185,271	16,928	16,045	17,161	16,742	204,534	2.6
Uncoated Groundwood	40,847	28,947	4,242	2,707	3,037	2,198	43,676	-0.6
Clay Coated Paper	78,248	57,856	6,550	4,418	7,229	5,073	82,676	-3.8
Uncoated Free Sheet	50,140	71,354	4,695	6,763	4,564	6,842	55,554	2.4
Other Printing & Writing	21,420	27,114	1,442	2,158	2,330	2,629	22,628	40.4
Total Pkg. & Other Paper	284,021	241,426	26,948	19,879	20,760	21,880	286,249	-5.2
Unbleached Kraft	78,248	32,009	6,085	2,679	6,119	2,730	73,221	11.8
Other Pkg. & Indust. Paper	205,773	209,417	20,863	17,200	14,642	19,150	213,028	-9.9
Tissue	16,758	21,351	1,541	2,038	1,319	1,660	17,155	46.2
Paperboard, Total	3,327,568	1,168,379	281,159	113,469	293,831	113,344	3,449,940	17.6
Solid Wood Pulp	3,007,372	1,084,112	258,956	105,011	277,229	106,189	3,217,109	25.3
Total Linerboard	2,195,951	642,137	175,816	59,346	208,763	69,032	2,307,476	23.7
Bleached Kraft Linerboard	133,787	51,448	3,755	2,271	3,417	2,358	43,030	-68.4
Unbleached Kraft Linerbd	2,062,164	590,688	172,062	57,074	205,346	66,674	2,264,446	31.0
Other Unbleached Kraft	157,614	57,548	20,605	7,314	11,668	4,251	193,642	26.6
Other Bleached Kraft	577,166	362,715	54,130	35,566	52,045	31,418	637,048	35.2
Semi-Chemical Corrugating	76,641	21,713	8,405	2,787	4,752	1,487	78,944	0.1
Recycled Paperboard	320,196	84,268	22,203	8,458	16,602	7,154	232,831	-36.4
Convtd Paper&Paperbd Products	526,497	685,789	54,337	61,843	54,104	64,325	650,646	26.6
Paper Products, Total	240,171	456,429	21,599	37,404	22,248	41,540	263,081	13.9
Paperboard Products, Total	286,327	229,360	32,738	24,439	31,856	22,784	387,565	37.0
Wet Machine Board	18,893	7,259	2,336	962	1,560	735	23,375	41.1
Construction Paper & Board E	75,149	44,639	8,485	5,069	5,948	3,158	86,601	3.0
Notes								
Other: No Weight Avail. ($000)		7,298		477		519	5,974	-26.9
Total Exports Incl. Other($000)		4,702,003		412,117		447,671	5,158,727	25.2

SOURCE: Bureau of Census, U.S. Department of Commerce. E - Incl. estim. of tonnage based on square foot data.
(1) Annual Rate Year-To-Date is in tons unless otherwise specified in item description.

PRODUCER PRICE INDEXES
1967 = 100

	1985	1986	DECEMBER 1986	JANUARY 1987	FEBRUARY 1987	MARCH 1987	Annual Rate Y-T-D 1987	% Change from same Period Last Year
Pulp, Paper and Products except Building Grades	292.0	293.9	300.6	303.4	306.6	307.3	305.8	6.0
Pulp Paper & Products, ex. Building Grades & ex Waste Paper *	294.5	295.9	302.4	305.2	338.4	308.9	307.5	5.6
Total Wood Pulp	346.6	358.7	387.4	397.1	396.1	407.4	400.2	19.8
Total Paper	303.4	306.3	313.4	315.2	318.1	312.9	315.4	4.6
Total Paper, exc. Newsprint	298.8	300.4	307.0	309.0	310.3	302.3	307.2	4.0
Newsprint	332.9	326.1	333.6	340.5	343.3	342.2	342.0	5.4
Total Paperboard	274.6	271.9	278.7	286.0	290.2	292.6	289.6	9.0
Total Paper and Paperboard *	294.4	295.4	302.5	306.0	309.4	306.5	306.0	5.9
Converted Products	288.1	289.3	294.1	295.8	298.8	300.7	298.4	4.4
Waste Paper	148.8	172.8	192.4	194.6	201.5	213.3	203.1	50.3
All Commodities	308.9	299.8	298.1	300.9	302.7	302.8	300.9	-0.8
Industrial Commodities	324.0	312.1	309.3	313.6	315.7	315.8	315.0	-1.3

SOURCE: Producer Price Indexes: Bureau of Labor Statistics, U.S. Department of Labor * Computed by API

TABLE A

MEASURES OF NEWSPAPER ACTIVITY GROWTH
(percent change from prior year)

	U.S. Newsprint Consumption	Real Newspaper Advertising Revenues	Newspaper Circulation Daily	Newspaper Circulation Sunday
1981	0.8%	0.2%	-1.3%	0.9%
1982	-0.6	-2.6	1.8	2.0
1983	4.8	5.0	0.2	0.7
1984	8.0	5.8	0.8	1.4
1985	1.4	-0.5	-0.5	2.3
1986	3.0	1.6	-0.5	4.6

Sources: API; Newspaper Advertising Bureau, and American Newspaper Publishers Association.

TABLE B

NEWSPAPERS' SHARE OF TOTAL REAL AD REVENUES
(millions of '82 dollars)

	Newspaper Ad Revenues	Total Ad Revenues	% Newspaper
1980	$18,130	$65,867	27.5%
1981	18,163	66,407	27.4
1982	17,694	66,580	26.6
1983	18,576	70,822	26.2
1984	19,651	76,632	25.6
1985	19,557	77,410	25.3
1986	19,874	79,324	25.1

Source: McCann Erickson data as deflated by API

TABLE C

NEWSPAPER AD REVENUES
(billions of current dollars)

	National	Retail	Classified	Total
1980	$1.963	$8.609	$4.220	$14.792
1981	2.258	9.686	4.583	16.527
1982	2.452	10.390	4.852	17.694
1983	2.734	11.841	6.006	20.581
1984	3.081	12.784	7.657	23.522
1985	3.352	13.443	8.375	25.170
1986	3.375	14.311	9.303	26.990

Source: Jim Conaghan Newspaper Ad Bureau

INDUSTRY FACT SHEET

AMERICAN PAPER INSTITUTE, INC.
260 Madison Avenue
New York, New York 10016

APRIL 28, 1987

PRODUCTION (000 TONS)

	MARCH	FEBRUARY	MARCH	% CHANGE	FIRST THREE MONTHS		% CHANGE YR TO DATE
	1987	1987	1986	MAR87/MAR86	1987	1986	1987/1986
PAPER GRADES							
Newsprint	475	441	489	-2.9	1,406	1,386	1.4
Printing & Writing	1,730	1,618	1,663	4.1	5,051	4,845	4.2
Uncoated Groundwood (s)	134	128	127	5.9	396	374	6.1
Coated Paper (s)	553	526	504	9.7	1,646	1,512	8.9
Uncoated Free Sheet Paper (s)	923	851	910	1.5	2,659	2,608	2.0
Thin Paper (s)	21	22	21	1.7	64	64	-0.3
Cotton Fiber Paper (s)	14	13	13	3.0	40	38	4.6
Bleached Bristols (s)	85	79	88	-3.6	245	249	-1.7
Tissue Paper	435	414	437	-0.6	1,288	1,270	1.4
Total Pkg & Other Paper	444	408	445	-0.2	1,298	1,289	0.7
Unbleached Kraft Packaging & Indl. Converting (s)	274	260	290	-5.5	814	840	-3.1
Other Paper	170	148	150	13.4	484	437	10.7
TOTAL PAPER	3,083	2,882	3,034	1.6	9,042	8,789	2.9
PAPERBOARD GRADES							
Unbleached Kraft Paperboard	1,559	1,424	1,496	4.2	4,529	4,282	5.8
Unbleached Kraft Linerboard	1,442	1,310	1,380	4.5	4,188	3,958	5.8
Other Unbl. Kraft Paperboard	117	114	116	0.9	341	324	5.3
Semichemical Paperboard	491	439	452	8.7	1,411	1,297	8.8
Bleached Paperboard	390	343	378	3.3	1,115	1,069	4.2
Recycled Paperboard	754	689	708	6.4	2,177	2,042	6.6
TOTAL PAPERBOARD	3,194	2,887	3,034	5.3	9,224	8,691	6.1
TOTAL PAPER AND PAPERBOARD	6,278	5,768	6,068	3.5	18,267	17,480	4.5

WOOD PULP (ALL GRADES)	FEBRUARY 1987	JANUARY 1987	JANUARY 1986	2 Months 1987	1986	% Change 1987/1986
Dissolving & Special Alpha	98	108	95	207	201	2.6
Bleached Sulfite	99	115	111	214	231	-7.3
Unbleached Sulfite	13	15	27	27	28	-2.5
Bleached & Semi-Bl. Sulfate	1,984	2,144	1,894	4,129	3,922	5.3
Unbleached Sulfate	1,659	1,839	1,559	3,498	3,313	5.6
Semichemical	326	364	311	689	657	4.9
Groundwood & Thermomechanical	443	497	425	940	893	5.3
TOTAL PULP DIVISION DATA	4,622	5,082	4,421	9,704	9,246	5.0

(s) - Shipments R - Revised
P - Preliminary

April 30, 1987

	Full Year		INDUSTRY DATA 1986 - 1987			Ann. Rate Year - To - Date	% From Same Pd. Last Year
				R	P		
PAPER AND PAPERBOARD -- Tons (000)	1985	1986	January	February	March	1986	
Total Production (API)*.....: excluding :...	67,076	71,035	6221	5768	6278	73,066	4.5
Total Seasonally Adjusted....:construction:...			6139	6077	5905	72,481	4.5
Imports (including Products).. and wet :..E	11,106	11,597	1071	970	980	12,081	6.2
Exports (including Products).: machine :..E	4 009	4,738	410	415	425	5,000	11.0
Apparent Consumption.....: grades :...	74,173 a	77,894 b	6,799	6,631	6 460	79,563 c	4.4
Paper Production % Tonnage Capacity.....	90.6 g	93.3 g	92.7	95.0	91.9	93.0 gh	-
Paperboard Production % Tonnage Capacity.....	90.0 g	94.6 g	96.2	98.1	98.3	97.8 g	-
			December	January	February		
IMPORTS.....:Including Construction and :...	11,521	11,936	853	1097	995	12,548	7.4
EXPORTS..... WMB Grades (excl. HPB) :...	4,077	4,432	454	421	423	5,059	15.9
			December	January	February		
MARKET WOOD PULP PRODUCTION - Tons (000).....	6,797	7,585	694	668	595	7,574	4.1
TOTAL WOOD PULP PRODUCTION - Tons (000).....	54,141	57,277	4,926	5082	4622	58,224	4.9
WOOD PULP IMPORTS - TONS (000).....	4,366	4,582	295	443	392	5,005	16.3
WOOD PULP EXPORTS - TONS (000).....	3,791	4,458	409	306	372	4,068	-4.4
RAW MATERIALS CONSUMPTION - Tons (000)							
..PAPER AND BOARD MILLS : excluding :			December	January	February		
Wood Pulp.....:consumption for:.....	53,276	55,746	4,667	4982	4517	56,994	5.8
Waste Paper.....:construction & :.....	15 623	16,670	1,349	1432	1380	16,872	2.7
TOTAL.....: WMB grades :.....	68,899	72,416	6,016	6414	5897	73,866	5.1
PULPWOOD CONSUMPTION Cords(000)Amer.Pulpwd. Assn	85,744	91,434	7,795	8049	7541	93,540	3.0
EMPLOYMENT (000)			December	January	February		
Paper and Allied Products.....Total.....	683.2	690.0	696.8	690.3	689.7	690.0	1.0
Pulp, Paper and Board Mills.....Total.....E	253.5	252.2	253.2	251.1	250.8	251.0	-0.3
AVERAGE HOURLY EARNINGS OF PRODUCTION WORKERS ($)							
Paper and Allied Products.....	10.82	11.14	11.24	11.17	11.18	11.17	1.4
Pulp, Paper Mills.....E	13.11	13.58	13.70	13.60	13.58	13.59	1.9
Paperboard Mills.....E	13.60	14.01	14.19	14.00	14.01	14.03	1.5
CAPITAL EXPENDITURES, PAPER & ALLIED PRODUCTS			1986 Q4	1987 Q1	1987 Q2		
(Repr. by US Dept. of Com., Ann. Rates, Bill.$)*	8.59	8.76	8.69	8.69	8.69	8.51 y	-2.9
INDEX OF OUTPUT PER MAN-HOUR (1977=100).....			January	February	March		
:IN PULP, PAPER :...Production Workers.....	127.3	134.5	140.5	144.1	142.5	142.4	8.5
:AND BOARD MILLS:...All Employees.....	126.2	134.1	139.7	141.5	139.8	140.3	7.0
PAPER AND ALLIED PRODUCTS (Million $)			January	February	March		
Industry Shipments (Dept. of Commerce)*.....	97,664	109,582	9276.0	9485.0	9396.0	112,628	9.2
Pulp, Paper and Paperboard*.....	41,830	46,632	4136.0	4044.0	3967.0	48,588	11.5
Inventories (End of Period) - Total Industry*..	9,728	10,250	10555.0	10684.0	10827.0	10,827	10.8
Pulp, Paper and Paperboard*.....	3,800	4,078	4098.0	4178.0	4166.0	4,166	5.9
			1986 Q2	1986 Q3	1986 Q4		
Sales (Corporations Only).....	71,465	74,896	18,470	18904	19947	N.A.	N.A
Earnings (Corporations Only).....	2,880	3,293	922	824	958	N.A.	N.A
Depreciation (Corporations Only).....	3,099	3,389	843	843	883	N.A.	N.A
Net Worth (Corporations Only).....	29,694	31,254	30,646	31075	31254	N.A.	N.A
PRICE INDEXES (Bureau of Labor Stats)1967=100			January	February	March		
Pulp, Paper & Products, ex. Building Grades....	292.0	294.0	303.4	306.6	307.3	305.8	6.0
Wood Pulp.....	346.6	358.3	397.1	396.1	407.4	400.2	19.8
Waste Paper.....	148.8	172.8	194.6	201.5	201.5	199.2	47.4
Paper.....	303.4	306.3	315.2	318.1	318.1	317.1	5.2
Paperboard.....	274.6	272.2	286.0	290.2	290.2	288.8	8.7
PAPER DEMAND (INDEXED: 1977=100)			January	February	March		
Total Paper Production *.....	123.0	128.4	130.7	130.0	126.5	129.1	2.9
Paper New Supply *.....	128.8	133.9	137.3	135.2	132.9	135.2	3.0
Demand Indicators - (Weighted Average) *.....	141.6	148.8	151.7	151.7	151.4	151.6	4.4
Production of Nondurable Goods *...(21.2%).	125.3	130.9	134.2	134.3	133.8	134.1	4.3
Disposable Income .....*.(23.9%)	126.8	131.4	131.2	133.1	133.4	132.6	2.3
Total Printing and Publishing *...(54.9%).	154.3	163.3	167.4	166.6	166.1	166.7	5.2
Trend Factor			Not Available				
PAPERBOARD DEMAND (INDEXED: 1977=100)							
Total Paperboard Production *.....	114.3	122.9	129.4	127.5	123.7	126.8	6.2
Production for Domestic Use	112.8	120.8	127.6	125.4	120.6	124.5	6.1
Demand Indicators - (Weighted Average) *.....	120.1	122.1	123.7	124.4	123.8	124.0	2.0
Production of Consumer Goods *...(62.06%)	120.5	124.5	126.2	127.2	126.5	126.6	3.0
Production of Equipment *...(5.75%)	146.4	142.8	142.3	144.2	144.0	143.5	-1.1
Production of Materials *...(32.19%)	114.5	113.9	115.7	115.5	115.1	115.4	0.8
Trend Factor			Not Available				
NEWSPRINT MARKETS			December	January	February		
Consumption by Publishers - Tons (000).....	12,773	13,157	1,112	1,001	1,000	18,843	58.4
Newspaper Pub. and Printing Empl. Total(000)...	454	461	466	451	461	456	-0.8
PRINTING AND FINE PAPER MARKETS							
MAGAZINE ADVERTISING PAGES (PIB, Inc.).....	155,545	153,088	13,624	9,000	12,028	126,171	-2.9
WHOLESALERS SALES AND INVENTORIES (Million $)(j)							
Total Paper & Pap. Prdcts.,ex Wallpaper..Sales	34,635	38,536	3,425	3,392	3,061	38,718	5.1
Inventories (End of Period).	3,087	3,411	3,411	3,309	3,331	3,331	6.2
FIBRE BOX DATA (Fibre Box Association)			January	February	March		
Fibre Box Shipments (Million square feet).....	267,451	283,921	24,786	22,635	24,755	289,504	5.3
Container'bd Inventory at Mill & Plant(000Tons).	2,549	2,186	2,340	2,391	2,404	2,404	-4.5
RETAIL TRADE (Million $)			January	February	March		
Total Retail Sales *.....	1,372,853	1,445,568	118,579	124,412	124,669	1,470,640	4.7
Nondurable Goods Stores Sales *.....	859,316	882,505	74,813	76,731	76,815	913,436	3.9
GENERAL ECONOMIC DATA			January	February	March		
TOTAL INDUSTRIAL PRODUCTION (INDEX 1977 = 100)*..	124.2	125.1	126.5	127.1	126.7	126.8	1.4
PRODUCER PRICES(ALL COMMODITIES)(INDEX 1967=100).	308.7	299.8	300.9	302.7	302.8	302.1	-0.8
CONSUMER PRICES (ALL ITEMS) (INDEX 1967 = 100)...	322.2	328.4	331.1	334.4	335.9	333.8	2.0
			December	January	February		
TOTAL CONSUMER CREDIT OUTSTANDING - (Billion $)..	550	543	603.2	580.4	576.0	576.0	8.6
GROSS NATIONAL PRODUCT - ANNUAL RATE (Billion$)..			1986 Q3	1986 Q4	1987 Q1		
G.N.P. or Expenditure - Current $.....	3998.1	4206.1	4240.7	4258.7	4339.2	4,339	4.6
G.N.P. or Expenditure - 1982 $.....	3585.2	3675.0	3686.4	3696.1	3735.2	3,735	2.2

lb/capita

Pap&Papbd	Othr	Totl	Popul(mil)
.a - 620	+ 18	= 638	239.3
.b - 645	+ 17	= 662	241.5
.c - 651	+ 17	= 668	244.5

.e - estimated by API

f - Wood Pulp Production excludes dsf., explo. & scrngs.
g - Adjusted for holiday shutdowns
j - Census unpublished data: standard dev. = 6-8%
h - Adjusted to Conform with API Division data
j - Census unpublished data: standard dev. = 6 - 8%
Q - Quarter

R - Revised
y - Full year estim. by U.S. Dept. of Com.

* - Seasonally Adjusted.

U.S. currency. Imports of paper and allied products from Canada in this two-month period rose 8.6% from their year-ago level, while imports from overseas sources rose by 1.9%.

Imports of coated papers were particularly strong, even while shipments of these papers from domestic mills increased. The two-month 1987 total of these imports gained 24% from their year-ago levels, bringing the rate to 575,000 tons per year. Imports of uncoated free sheet papers, by way of contrast, fell by 20%. Imports of unbleached kraft papers nearly doubled, coming in at a rate of 175,000 tons per year. Similarly, imports of paperboard more than doubled, moving above 400,000 tons per year.

Wood pulp imports rose 16% in this period, compared to a 2.6% gain from 1985 to 1986.

The gain in exports, however, was far stronger than that of imports, reflecting the impact of the lower dollar in foreign markets. Total tonnage exports of paper, paperboard and products rose 16%, reflecting an 18% gain in paperboard, a 27% gain in products, and a 4% gain in paper. The value of exports rose by 25%, reflecting the strength of the export markets. Total exports of wood pulp declined 4.4% during January-February of 1987, as compred with their year-ago level. They previously rose 18% from 1985 to 1986.

Statistical note: Table 9 and the above text reflect the Department of Commerce's revisions of the January 1987 import and export data.

SALES AND EARNINGS

Data on sales and earnings reported by 22 paper and allied products companies for the first quarter of 1987 reflect the strong markets evident during this period. Total sales of these companies rose by 16%, while after-tax profits gained 81%. This brought the rate of after-tax profits to sales to 5.4% in the 1987 quarter, compared to 3.5% in the year-earlier period. The current rate is consistent with that which prevailed prior to the 1982 recession.

CAPITAL EXPENDITURES

Recently-released data on expenditures for new plant and equipment show that paper and allied products companies spent a record-high $8.76 billion for such purposes in 1986, about 2% above the previous high of $8.59 billion spent in 1985. Paper was one of the few industries to show gains. The Survey also showed that paper companies will continue to spend near-record amounts on new plant and equipment in 1987, with the total projected at $8.51 billion. Studies by the A.P.I. indicate that the greater part of these expenditures are now aimed at productivity improvement and similar cost-containment projects, with a relatively smaller directed toward plant expansion. As the

A.P.I. November 1987 capacity survey indicated, total paper and paperboard capacity will rise at about a 2% per year rate during 1987 and 1988.

NEWSPAPER ADVERTISING/CIRCULATION TRENDS

Real newspaper advertising revenues grew 1.6% last year, according to data compiled by the Newspaper Advertising Bureau and deflated by API. That gain was about in line with the 1.5% average rate of increase recorded between 1980 and 1985, but it followed three years of sharp volatility during which time real newspaper ad revenues spurted 5.0% in 1983, 5.8% in 1984, and then weakened 0.5% in 1985. Fluctuations in newspaper circulation and newspaper advertising linage contribute to short-term variations in newsprint demand. (See Table A, page 10)

Although newspapers have remained the leading medium in terms of advertising revenues, their share of overall media advertising revenues has contracted during recent years. While newspapers accounted for 27.6% of total current-dollar media advertising revenues in 1980, their share declined to 26.4% by 1986. Because newspaper advertising rates rose more substantially than overall media rates since 1980, the erosion in market share was even more severe when measured in constant 1982 dollars. Specifically, newspapers' share of total real advertising revenues contracted from 27.5% in 1980 to 25.1% in 1986. These setbacks occurred at a time when the combined real market share of the print media rose from 51.6% to 53.6%, mainly on strength of rapid gains in direct mail advertising. (Table B, page 10)

The major components of newspaper advertising have not grown in tandem during recent years. For instance, the share of newspaper ad revenues generated by classified ads rose from 28.5% in 1980 to 34.4% in 1986, while the national and retail categories contracted in relative importance. Free-standing preprints, or inserts as they are more commonly known, also exhibited rapid growth, averaging 9.6% a year between 1981 and 1985. There were 45.4 billion inserts printed in 1985, according to the Newspaper Advertising Bureau, and they accounted for nearly 17% of total newspaper advertising revenues, up from a 13.8% share in 1981.

Along with advertising, circulation is another very important driving force with respect to newsprint demand. (Table A, page 10) Daily circulation has been on a fairly level trajectory since the early 1970's, but declined 0.5% in 1985 and 0.4% last year, according to the American Newspaper Publishers Association. In contrast to daily newspaper sales, Sunday circulation has been gaining ground, increasing an average of 1.5% a year between 1980 and 1985 and a robust 4.6% last year.

Modest circulation growth in conjunction with lineage gains has kept newsprint consumption on an uphill trajectory. Overall, U.S. newsprint consumption rose at the average annual rate of 2.84% a year between 1980 and 1986, to 13,153,000 short tons. Last year's gain in newsprint consumption measured a slightly above-trend 3.0%. These newsprint consumption gains compare favorably with real GNP growth, which measured 2.4% a year between 1980 and 1986 and 2.5% in 1986.